

WISCONSIN WOOD

MARKETING BULLETIN



Published by Wisconsin Department of Natural Resources, Madison, WI 53711

July/August, 2003

WOOD MARKETING BULLETIN

The Wisconsin DNR publishes the "Wisconsin Wood" marketing bulletin every two months. It serves the timber producing and wood using industries of Wisconsin by listing items: For sale - forest products, equipment and services, wanted - forest products, equipment and services; employment opportunities. There is no charge for the Bulletin or inserting items in it. Only items deemed appropriate to the timber producing and wood processing industries will be listed. Also the Bulletin will feature forest products utilization and marketing news, safety notes, coming events, new literature, tips to the industry, and listing or employment wanted or positions that are available.

If you know of someone who would like to be on the Bulletin mailing list, please ask them to send their name, address and zip code to the return address on the back page. Also, if you have items to list, send in the form or write a letter to the return address on the back page. Repeat listing of items requires a written request each time the item is to be repeated.

Published by Wisconsin Department of Natural Resources, Madison, WI 53711

GLOBAL COMPETITION – FOREST PRODUCT IMPORTS EXPORTS “HOW WILL IT AFFECT YOUR FUTURE.”

Mark your calendars for February 24, 2004, the Lake State Lumber Education, Inc. will be putting a one-day workshop titled Global Competition – Forest Product Imports Exports “How will it affect your future.” The keynote speaker for this event will be Ed Pepke the forest product-marketing specialist for the UNEC&FAO Timber Branch located in Geneva, Switzerland. Mr. Pepke will be talking on

the Global Outlook for supply and demand for wood products in the world and how it relates to the lake states. Peter Ince, an economist with USDA Forest Service, Forest Product Laboratory will discuss the Global Trend and Regional Impacts of forest products and the outside factors affecting them. This talk will provide insight into the pulpwood markets and there relationship to demand for fiber. Dan Meyer with the Hardwood Review will talk on global markets and trends. A panel of industry representatives is being put together with an emphasis on people who have knowledge on competition from China. The session is planned for Wausau the exact location and registration fee is to be determined. For additional information contact Terry Mace, Forest Product Specialist, WI, DNR (608) 231-9333.

STORA ENSO CUTTING 100 JOBS IN NIAGARA

Stora Enso North America said that it is reducing the workforce at its Niagara Mill by about 100 people.

“The slow economy, along with a rapidly changing and more competitive market, has required us to accelerate the implementation of our plan to make organizational changes. These change are necessary to put the mill in a more cost-competitive position now and in the future,” said Mill Manager, Greg Maule.

Source: *PaperAge*, June 2003.

FURNITURE MANUFACTURERS REPORT MARKET SALES UP

The majority of furniture manufacturers surveyed at the Spring Market in High Point, North Carolina, reported sales exceeding expectations.

“The expectations for this market were not very favorable,” says Mark Barford, president of the Appalachian Hardwood Manufacturers, Inc. (AHMI), which surveys its furniture company members on

their use of hardwoods in new and existing lines and sales results at the market.

“Many manufacturers did not know what to expect, and they discovered that, while

the quantity of buyers was down, the quality people still came and bought furniture for their stores for the summer and fall.”

Modest gains were found in all categories of wood furniture on display, according to AHMI’s survey. The American Walnut Manufacturers originally sponsored the survey, which in 1935 began tracking wood species and design style trends. In 2002, AHMI assumed primary responsibility.

Cherry, red oak, ample and pine continue to be the top four species on display in all categories. Rubberwood and other Asian species on display in all categories. Rubberwood and other Asian species, alder, ash, and walnut advanced in numbers. Asian wood species like parawood, koto, mindi, and primavera were introduced or expanded at market. Exhibitors often referred to these as “Asian oak” or “Asian cherry.”

“There were few surprises at market this time except for an increase in wood species on display,” says Barford, “Furniture manufacturers know that consumers like wood and want wood. Manufacturers are responding.”

According to the survey results for bedroom and dining room groups, cherry lead all species with 17 percent of market share. That figure was down 3 percent from 2002. Red oak was second with 11 percent, followed by hard maple at 10 percent, pine 10 percent and mahogany at 5 percent.

The survey crew discovered 34 percent of the products shown were made in the United States, while 76 percent were imported or made from a combination of U.S. and imported pieces. The numbers reflect a 6 percent increase for imports from the previous year.

Of note, Thomasville Industries and Kincaid were among manufacturers introducing furniture with a distressed look, which allows greater lumber yield and allows the manufacturers to keep prices down. Manufacturers report good response to furnishings with the distressed look.

The survey also asks about the different types of construction used by the manufacturers. Many of the traditional case goods are made from solid lumber, yet a combination of solids and veneered panels again dominate the construction techniques.

"The survey found many of the same results from 2002," says Barford. "Imports are taking a larger share of the furniture market." Some 51 percent of case goods bought in the United States in 2002 were imported. "The news from the furniture market is good for Appalachian species," says Barford. "We continue to see cherry, oak, and maple in most manufacturers' showrooms and the American consumer still demands that." For more information visit www.appalachianwood.com.

Source: *Southern Lumberman*, June 2003.

FURNITURE COMPANIES EVOLVING IN CHINA

The Chinese furniture industry grew up in a closed economy, and was protected from external pressures. Many domestic companies started with the help of governmental preferential policies. As demand was exceeding supply, companies were able to generate a reasonable profit. With no competition, enterprises were able to survive without great efforts. In such an environment, there was no need to enhance productivity and it is not surprising, that the industry remained inefficient. These observations are based on a new report from the AKTRIN Furniture Information Center.

There are more than 50,000 furniture enterprises in China, but less than 20 enterprises have a turnover over \$12 million. Most of them are non-state-owned small-scaled shops, with distinctive regional characteristics. They are mainly small-scaled shops, with distinctive regional characteristics. They are mainly located in the South, East, North and Northeast of China. The heaviest concentration is in Guangdong province, with more than 6,000 enterprises.

Most furniture companies lack a professional management. Furniture is manufactured in a rough and slipshod way with a low degree of mechanization. Many manufacturers use labor-intensive production means and outdated equipment. One-third of Chinese wood furniture has quality problems. The industry has serious pollution and environmental problems.

In regard to certification of internationally recognized technical regulations, standards and appraisal procedures, China's furniture industry lags far behind developed countries.

As there are only very few high-calibre designers in China, the furniture industry has almost no famous home-made brands. Products are lacking originality as most companies blindly follow broad trends. Product imitations are rampant. They are frequently failing to come up with products popular to domestic consumers.

On an international comparison, the overall development and labor productivity of Chinese furniture manufacturing enterprises is very low.

There are signs of positive change. In the 1990s, the furniture industry stepped into a new stage of development mainly brought about by external capital and imported technologies. The traditional "family shop" is slowly giving way to corporate entities. There are a few modern large-scale furniture factories emerging in China, using international advanced operating methods. They are in the process of reducing costs and improving quality controls, updating management techniques and increasing marketing and sales effectiveness.

In spite of recent improvements, the new market economy is still causing problems for Chinese companies. Most domestic Chinese manufacturers remain much less competitive than their counterparts in developed countries.

Wood supplies for Chinese furniture manufacturers are coming from both home and abroad. Domestic suppliers are mostly in northeastern China including Heilongjiang, Jilin and Liaoning province. There are also small domestic supplies in the South. Wood resources in China are under severe pressure. National logging restrictions were set in place in 1998 in order to stem the deforestation of the country's woodlands. To make up the deficit, China relies heavily upon imports, particularly from southeast Asia like Burma and Thailand.

For more information about this report call 9905) 845-3474, or visit the website at

http://furniture-info.com/f_books.htm?1117.htm

Source: *Wood Digest*, June 2003

A GOLDEN OPPORTUNITY

By Shana Byrd and Scott Bagley

Whether you call it goldenseal, yellowroot or ground raspberry, this herb can generate some properties, goldenseal has maintained a high value throughout history. Native Americans used it as a wash for wounds and inflamed eyes, then introduced it to early settlers, who also used it as a strong tea for indigestion. Today, goldenseal is used to treat cold and flu symptoms, and also used as an antibacterial remedy for the body's mucous membranes.

A member of the Ranunculaceae family (*Hydrastis canadensis*), Goldenseal is also known by other common names, including yellowroot, yellow puccoon and ground raspberry (among others). An understory herb, its native range extends throughout the hardwood forests of the East, from southern New England west to southern Wisconsin, and south to Arkansas and northern Georgia. Goldenseal's roots contain concentrated alkaloids of hydrastine and berberine, which give it a persistent yellow color and its distinctly bitter taste.

The herb can be found growing in dense patches in cool, moist locations such as ravines and northeast-facing slopes. Goldenseal grows from a knotted yellow rhizome covered with small fibrous roots. The stems bear one or two dark green, deeply lobed leaves; in early spring, a solitary greenish-white flower appears, followed by development of a small bright red fruit resembling a raspberry. Goldenseal also reproduces vegetatively by means of root buds, which form along the fibrous roots. As the roots mature, they begin to decay in order to break up and form newly independent plants.

Historically, goldenseal has been gathered in abundance from the wild, but increasing demand has resulted in a decline in wild populations and listing as a protected species under the Convention on International Trade in Endangered Species (CITES, which monitors and regulates the trade of many at-risk plant and animal species). Though goldenseal is still harvested from the wild, woodland owners with good growing sites can contribute to its conservation by cultivating it under their woodland trees. Cultivated goldenseal also fits nicely into a diverse

woodland income strategy, along with other valuable shade-grown herbs such as American ginseng and black cohosh (see April 2003 issue).

Growing Challenges – Selecting an appropriate site is the most important factor in successful cultivation. Goldenseal thrives in humid, moist areas of the eastern hardwood forests, in well-drained sandy loam soil. It needs 75-80 percent shade for most favorable growth, but can survive in the range of 40-70 percent shade. Good sites should be free of invasive plants. Tilling or hoeing the soil to create a raised bed can be beneficial, especially if additions of decomposed organic matter are needed to improve soil quality (use a soil test to determine if amendments are needed). You can also simulate wild conditions by simply removing the leaf layer, planting the rootlets in the soil, then re-covering the site with the leaf mulch.

Although it can be planted from seed, goldenseal is most commonly planted as rootlets. In either case, roots or seeds should be planted in autumn. Root divisions should have at least one growth bud and be half the size of the original root. Plant root divisions 1 to 2 inches below the soil surface, with 6 to 8 inches between plants, in rows that are 9 to 12 inches apart. More spacing between plants will present less opportunity for pests and diseases. Keep in mind that goldenseal rootlets do not necessarily send up a leaf during their first growing season.

If you're propagating goldenseal from seed, seeds must be stratified and not permitted to dry out before they're planted. Plant seeds a ½-inch deep, with three to four seeds per square foot. Then, cover them with a layer of leaf mulch to provide protection. At maturity, plants should be thinned to 6 inches apart. Under favorable conditions, goldenseal roots can reach optimal development for marketing in just 4 years.

Even though goldenseal is a very resilient herb, pests and diseases occur even in a natural forest setting. The boytrytis leaf blight, for instance, can be very harmful to a goldenseal patch. The blight's symptoms include rot at the base of the stem and spotting on the leaves; it can be controlled by removal of any infected foliage. As mentioned previously, the best way to avoid fungal infections and other diseases is to allow adequate spacing that promotes good air flow in your woodland beds. Other potential problems include: Root knot nematodes: These can cause a

significant reduction in growth rates. Prior to planting, test the soil for the nematodes to determine if the site is indeed appropriate for planting; Slugs: Capable of eating the entire crown and fruit, slugs may also pose a threat to your woodland garden. Use snail bait or you can remove them by hand; Moles: If moles try to interfere, bury a wire mesh 12 inches deep to prevent them from entering the beds. They can also be trapped and removed; Poaching: Poaching of goldenseal can also occur, but it's relatively rare compared to poaching of ginseng.

Potential Profit – In the past few years, cultivated goldenseal has been selling for around \$30 per pound, approximately double that of roots harvested from the wild. Ed Fletcher, of the Botanical Division of Strategic Sourcing, Inc. (www.strategicsourcinginc.net), has been working with goldenseal growers in Wisconsin to develop a "closed artificial propagation system" that does not depend on harvesting wild plants as planting stock for cultivation. This is a significant step because such a system does not require a CITES permit for selling to herbal-products companies. While the heart of goldenseal's native range remains the states of Indiana, Ohio, Kentucky and West Virginia, this success at cultivation in Wisconsin bodes well for woodlot owners with suitable habitat. In addition, some woodlot owners in Oregon and Washington also have had luck with goldenseal cultivation. Growing goldenseal as part of a diverse portfolio of economically important forest plants, in association with timber, will provide woodlot owners the best option for maintaining an ongoing income stream from their land. Herbs such as goldenseal can provide some supplemental income, though woodlot owners interested in "get-rich-quick" schemes should not anticipate quitting their day jobs. At \$30+ per pound, however, a sustainable crop of goldenseal can add great value to woodlots through good use of habitat provided by overstory trees.

Source: *Sawmill & Woodlot*, July 2003

SPLIT DECISION ON SOFTWOOD LUMBER

By Joe Dysart

U.S. and Canadian softwood lumber producers both claimed victory with a recent World Trade Organization ruling, which found that while Canada subsidizes

its softwood industry, the U.S. is levying unfairly high tariffs as a countermeasure. While the WTO ruling impacts a countervailing duty of roughly 19 percent, which was imposed by the U.S. in 2001, it does not affect an additional 8 percent, antidumping duty that is also being levied on Canadian softwood lumber exports to the U.S.

"This WTO ruling confirms that the U.S. claims of subsidies are groundless and illegal," says John Alan, president of the British Columbia Trade Council. "The U.S. producers are persisting in their legal witch-hunt in search of a nonexistent Canadian bogeyman, when they should be trying to restore stability and prosperity to the North American lumber market."

In response, the Coalition for Fair Lumber Imports, a group which lobbied on behalf of U.S. softwood lumber producers, asserts that despite the WTO ruling, Canada will still be forced to pay at least some tariffs.

This latest flare-up on the ongoing fight over Canadian softwood lumber was sparked in Spring 2001, when a softwood lumber trade agreement between the two countries expired. Pointing to trade figures indicating that Canadian softwood lumber imports spiked 30 percent immediately after the agreement expired, the U.S. Commerce Department decided at the time to respond with stiff tariffs, which ultimately averaged 27 percent.

The Commerce Department move was applauded by the Coalition for Fair Lumber Imports, which had long argued that the Canadians have been dumping softwood lumber on the U.S. market at deeply discounted rates for years.

In fact, the roots of the current trade war date back more than 20 years and have triggered a number of tariff wars, all of which have been beat back by Canadian supporters, according to Robert Rayburn, a vice president with the national Association of Home Builders.

In this most recent imbroglio, John Ragosta, lead attorney for the Coalition for Fair Lumber Imports, says Canadian government subsidy of its softwood lumber industry essentially enables Canadian producers to sell to the U.S. at less than the cost of production. Indeed, the CFI charges that the Canadian government actively encourages below-market prices for timber by coercing even private forest owners to cut a minimum amount of softwood timber each year. Ragosta says the problem is further exacerbated by timber licenses in British

Columbia, which are only issued after producers agree to keep mills open no matter what the market conditions happen to be and agree to process a minimum amount of softwood timber each year.

In addition, federal and provincial stumpage subsidies, along with a ban on the export of logs from Crown lands, artificially increase the supply of softwood lumber and ultimately lower the price of logs to Canadian lumber producers, according to the CFI.

The CFI also discredits U.S. homebuilders' claims that the U.S. department of Commerce tariffs are skyrocketing the cost of new homes. In reality, a 20 percent duty adds only a few hundred dollars to the cost of a new home and has far less impact on new home prices than even a none-eighth hike in interest rates, the CFI says.

In contrast, the BC Lumber Trade Council interpreted the recent WTO ruling as vindication for its position that the U.S. Department of Commerce has no right to equate Canadian provincial stumpage charges to U.S. stumpage charges when formulating the basis of its softwood tariffs.

BC Lumber Trade Council's Allan also says the WTO found that the U.S. failed to show that Canada's lumber subsidies are actually "passed through" when logs and lumber are transferred between unrelated parties. Such an omission, he says, substantially inflates the actual impact of Canada's industry subsidies.

"Our two countries should be united in the softwood lumber industry, not involved in lengthy, costly legal battles," Allan says. "The U.S. lumber industry should drop their legal bases before more damage is done to the industry on both sides of the border."

Not surprisingly, the recent WTO ruling was cheered by the U.S.-based National Association of Home Builders, long-time supporters of the Canadians. "Today's WTO ruling reaffirms what we've been saying all along; The U.S. Commerce Department' findings that Canadian softwood lumber is subsidized has no merit," Rayburn says.

The NAHB also interprets the ruling as evidence that the U.S. could offer no real proof that Canadian softwood imports are having any significant, negative impact on U.S. producers. Currently, about a third of the lumber used in the U.S. is imported from Canada, according to NAHB figures.

"Clearly, it would be impossible to meet the demand for housing without imports,"

Rayburn says. "And since we cannot significantly increase lumber production or lumber mill employment in the U.S., it's time to let free trade triumph."

The NAHB and Canadian advocacy groups have ardent supporters in the U.S. House of Representatives, where a bipartisan resolution calling for "open trade between the U.S. and Canada on softwood lumber free of trade restraints" was recently introduced.

This latest WTO ruling is far from the last battle in this 20-plus-years-and-counting row. Both have appealed for relief under the North American Free Trade Agreement. NAFTA's ruling body expects to issue its own ruling, which is binding under U.S. law, early this summer.

Meanwhile, the WTO will issue what is known as its "final ruling" on the matter during the same time period. "We are confident that the cases before the WTO and NAFTA will result in the rollback of the tariffs. We urge the Bush Administration to allow these legal cases to run their course without delay," Rayburn says.

Source: *Forest Products Equipment*, July 2003

WAR MAY MAKE LUMBER HOT ITEM

A recent by-lined article appearing on the CNN/Money web site quoted Department of Defense (DOD) sources who indicate that lumber will be needed in Iraq once peace is announced. According to Parija Bhatnagar's article, Frank Johnson, spokesman for the defense Supply Center in Philadelphia, a unit of the DOD that procures clothing, food, medical, and other industrial supplies for the military, said several top lumber suppliers have already been alerted about ramping up their product lines.

Companies such as Weyerhaeuser and Georgia-Pacific are mentioned as top plywood suppliers to the military.

In the article, Johnson is quoted as saying, "Right now we're forecasting demand for that scenario...the demand could be huge, and the contracts could be very big."

An analyst with D.A. Davidson is quoted as suggesting he is skeptical that military demand would be sufficient to move lumber prices higher. "I really anticipate it being used for temporary housing for troops...But if Iraq is a source of incremental demand for wood, that would be fabulous."

Source: *Southern Lumberman*, May 2003

A VICTORY FOR INDUSTRY: TAX REFORM BILL

Members of the Wood Machinery Manufacturers of America (WMMA) have been lobbying for tax reform and depreciation bonuses for years. Through scheduled visits with legislators on the Hill during the February meeting of WMMA's Public Policy Committee and the constant pressure from the members and the Small Business Legislative Counsel (SBLC), the tax law has been changed. The passage on May 28 of the *Jobs and Growth Tax Relief Reconciliation Act of 2003* by Congress represents a victory for U.S. machine manufacturers, as well as end-users, the WMMA announced.

The new tax relief law includes several provisions that will provide incentives for investment in new woodworking machinery and provides these incentives for customers to buy now.

The new law makes three changes in Section 179 of the tax code. The direct expensing amount is increased to \$100,000 from \$25,000. The aggregate personal property purchase base at which point the direct expensing begins to be reduced has been increased to \$400,000 from \$200,000. The third change is that the increases are only in effect for the years 2003, 2004 and 2005. At that point, the amounts revert back to their lower limits; therefore, there is a significant incentive to acquire such machinery and equipment sooner than later.

A second provision of the new law will be attractive to customers making significant purchases of equipment. Under basic tax law, a taxpayer is allowed to recover, through annual depreciation deductions, the cost of certain property used in a trade or business or for the production of income. The amount of the depreciation deduction allowed with respect to tangible property for a taxable year varies by recovery periods and depreciation methods. The recovery periods applicable to most tangible personal property (i.e., machinery as opposed to real property) range from three to 25 years. The depreciation methods generally applicable to tangible personal property are the 200 percent and 150 percent declining balance methods, switching to the straight-line method for the taxable year in which the depreciation deduction would be maximized.

The Job Creation and Worker Assistance Act of 2002 ("JCWAA") allowed an additional first-year depreciation deduction equal to 30 percent of the "cost" of qualified property. Now, the new law expands the "bonus" to 50 percent for qualified property purchased after May 5, 2003 and before Jan. 1, 2005. Both Section 179 and the depreciation bonus can be used for the same purchases.

In the case of S Corporations, the income of an S Corporation is passed through to the shareholders to be taxed as the individual's income. The bill accelerates the reductions in the regular income tax rates that are scheduled for 2004 and 2006 as a result of 2001 tax cut legislation. Thus, for 2003 and thereafter, the regular income tax rates in excess of 15 percent would be reduced from 28 percent to 25 percent; 31 percent to 28 percent; 36 percent to 33 percent and 39.6 percent to 35 percent. The provision is effective for taxable years beginning after Dec. 31, 2003.

Finally, there are some temporary cuts in capital gains and dividends tax rates that some businesses may be able to use to their advantage. For individuals, the new law reduces the 10 and 20 percent rates on capital gains to 5 (0, in 2008) and 15 percent, respectively. These lower rates apply to both the regular tax and the alternative minimum tax. The lower rates apply to assets held more than one year. The provision applies to sales and exchanges (and payments received) on or after May 6, 2003, and before Jan. 1, 2009.

Under the new law, dividends received by an individual shareholder from domestic and qualified foreign corporations generally are taxed at the same rates that apply to capital gains. This treatment applied for purposes of both the regular tax and the alternative minimum tax. Thus, under the provision, dividends are taxed at rates of 5 percent for the lowest income bracket (0, in 2008), and 15 percent for higher income brackets. The provision applies to dividends received in taxable years beginning after 2002 and before 2009.

Source: *Wood Digest*, July 2003

HOW TO TURN THE IMPORT CRISIS INTO OPPORTUNITY: A DIFFERENT VIEWPOINT

Market intelligence is the key to unlocking a successful china strategy.
By Dr. Spencer Lei

Retailing giant Wal-mart's TV commercial mantra, "Always Low Prices," very much sets the tone for the rest of the retail world to sell cheaper or you won't compete.

In order to sell its products cheaper, a business has to reduce its product costs to maintain a profit margin and survive. This explains why many United States companies across all industries have looked to china for less expensive sources for their products and why some of the larger U.S. furniture makers have set up production facilities there.

However, do we really know what we are doing if we hastily jump on the China bandwagon? As a Chinese-American born in Taiwan, who is now a researcher, entrepreneur and businessman in the wood industry. I have in-depth knowledge about both the United States and China. To be successful, I believe a company needs to not only learn more about China, but about itself before it can decide what action to take in the import issue.

Having Insight Is Critical – Just how can we know whether or not we can compete with China in wood furniture manufacturing? Actually, this is not a difficult question to answer if we are able to recognize the advantages China has in terms of the following human-resource factors:

Labor availability: Remember a few years ago when times were good and wood products companies had a hard time finding enough workers to keep their production going? In China, furniture factories can hire 10 to 20 workers for the cost of one entry level worker here. What's more, job seekers wait in long lines outside China's factories hoping for an opening.

Workforce quality: It is a fair assumption that vocational school and college students majoring in a forestry-related field could end up working in the wood industry. Currently in the United States, I estimate that there are about 4,000 students enrolled in the forestry-related curriculums in a handful of universities, technical schools and colleges. In comparison, China has more than 50,000 students enrolled in about 87 academic institutes devoted to forestry and forest products. If educational level reflects one's comprehension ability, discipline and potential to grow, it would seem that China has the upper hand in improving the quality of its workforce.

Motivation: According to *Business Week's* Oct. 28, 2003 edition, 465,000 Chinese college graduates majoring in

science and engineering entered the job market, a number on par with the United States. Also, an ever-increasing number of unemployed middle-level managers and professionals from Taiwan and Hong Kong are looking for jobs in China. Since there is no welfare system in China, the unemployed have to aggressively hunt for jobs. Once hired, they are very motivated to better themselves in order to advance their positions for better incomes. In contrast, we have an extensive welfare system in the U.S., which in some instances creates disincentives for people to pursue a career.

State of mind: a common weakness I see in many U.S. woodworking companies is their reactive or even complacent mindset. Compared to the opportunity-seeking mode in newly formed businesses in China, some American companies' survival mentality or, in more extreme cases, out-and-out procrastination affects the overall attitude of the people working in the industry. In turn, it also has a negative impact on attracting new blood to commit to our woodworking industry.

Not Just Cheap Labor – From the above comparison in human-resource factors, we need to recognize that cheap labor alone does not pose the main challenge to American companies. Remember, cheap labor can be found in Mexico just a border crossing away.

Since it is people or human-resource factors that often make or break a company, should American furniture companies just abandon their production bases and look to china for their manufacturing needs? Unfortunately, the answer is not that straight forward.

There are several reasons why American companies should not hastily move toward China. First of all, the language barriers and cultural differences make it very difficult to fully communicate and/or understand a potentially successful business relationship with Chinese.

Second, China's legal system is quite young and arbitrary compared to ours. Case in point, a tiny local government in China, city or town, could arbitrarily jail or house arrest a foreign visitor before setting a court trial for regulatory violations, tax evasion or even civil debt-payment dispute. Once a person has been arrested, it is difficult for foreign entities to get outside help.

Third, since the government owns the land and leases it to businesses, the local authority could request that your factory be moved to another location in order to

develop the land for another use. There may well not be any cause for appeal.

Moreover, China has a fledgling free-market system where bureaucratic regulations need improvement. Corruption and bribery can be a nuisance, thereby creating hidden operating cost for foreign companies. All of the above constitute just some of the potential obstacles for doing business in China.

On the other hand, no matter how intimidating it can be for foreign companies to operate in China, undeniably, China has the fastest growing economy in the world with 1.3 billion potential customers. Because of the emerging economy, immense consumer base and low labor rates, companies such as Boeing Aircraft, McDonald's, Starbucks Coffee, and Wal-Mart, of course, have all expanded into China.

It seems that the risk is worth taking for these larger companies. If this were the case, why would it not be true for other smaller companies? The problem is that more failure cases were realized than successful ones regarding foreign companies' investing in China.

Even if some American companies are willing to give it a try and deal with Chinese directly, they might not have a clue as to how to start or who to contact and trust. In addition, how much does it cost to initiate an import program? How long can a business relationship last to justify the up-front investment? These are just a few questions that spring to mind.

There are hundreds of agents, brokers, consultants and importers that offer services for business dealings between the U.S. and China. Nevertheless, it is always more cost effective if a business can have some in-depth understanding about China first before incurring any expense for outside services.

Where to Start? Information First – Just how do American furniture or woodworking companies develop a strategy or strategies to deal with the challenge from China? The starting point should always be to clearly determine where we stand in relation to the capability of our competitors in China.

For example, after 12 years in business, my company, Global Forest Corp. (DBA Hardwood Center), gradually developed a niche to provide hardwood product manufacturing and retailing services to the public. Our direction is to keep growing while saying in our niche as a regional service-oriented company.

On the surface, it doesn't seem that my company needs to worry about import competition for the time being. In reality, we compete everyday with well-entrenched competitors, including Home Depot and Lowe's. They import products directly from China. Therefore, it is very important that we stay current on what their suppliers are capable of producing in China to avoid investing in the wrong direction and thus clashing with those big-box giants.

Some of the types of information that I, as a business owner, like to know about Chinese manufacturers, include: 1) What is their real cost of production—direct and indirect labor, overhead, etc.? 2) What is their labor quality and productivity? 3) How automated are their production facilities? 4) What are the costs of raw materials they obtain domestically or from overseas? 5) What waste factor do they use to calculate their raw-material cost assuming inexpensive labor is used to sort and utilize almost any cut-off or ripped-off material? 6) Who are their foreign buyers or foreign companies that have set up shop in China? How fast are they growing? 7) Which foreign wood product companies that have operations in China are succeeding and which ones are failing? Why? 8) What information exists that can help me identify my Chinese competition and provide me with intelligence on market opportunities for my products over there?

The above information is not classified information. It is mainly general business information about Chinese companies' capability and progress that could affect us. It is very important that the information is up-to-date, because the economic engine in China is rapidly growing and we can easily lose our perspective and our alertness to act.

Speaking as an American wood products manufacturer, the sooner we can figure out... 1) What kinds of information do most of the business owners need to know about China? 2) What kind of organization or media is the best to gather and provide this information service? 3) How effective can the information be distributed to all concerned parties in the industry? 4) How can this information be made interesting, intriguing, educational and yet practical for business owners and CEOs to utilize?...the more likely we will be successful in assessing the extent of competition from China and deciding our individual destinies.

A Must Breakthrough: Work Together and Focus Resources – It is the nature of the business world for companies to start and close according to their own situations and needs. Their efforts are self-centered because they have to be. However, the future of the U.S. wood products industry will be directed by the actions of the majority of the companies once they decide what they can and will do.

Due to the ever-increasing challenge from Chinese imports, most of the companies in the U.S. woodworking and furniture industries do not really know what they can or will do, and it becomes an industry-wide problem.

Whenever an industry-wide problem emerges, politicians, bureaucrats, academics and news media will talk, write or have meetings. Because they want to help, they'll offer suggestions, guidelines or directions for the industry. Nevertheless, almost all of those public endeavors are just too abstract to be useful for private businesses to adopt.

Why are these efforts for the most part unproductive? It's because business owners and outsiders such as academics are always looking at things from different angles for different reasons. Business owners have to think in terms of costs (where to borrow), time factor (how urgent), immediate benefit (how to pay off the loan), and the life and death of their companies. When a crisis hits, they either procrastinate or rush to act.

The academic effort, meanwhile, is all about generalizing an industry-wide problem in order to justify studying the long-term solutions. It is not time sensitive. So the academic approach and result will have to be slow and abstract.

Therefore, the way to get public and private sectors working together and get results is to identify a worthwhile goal for each of them. This way they can compliment each other in merits and resources. I propose that the goal be to study and create an information channel to keep the U.S. businesses updated about what's going on in China. Not only can this information service eventually become a profitable business itself, it could also revitalize the U.S. woodworking industry because of new opportunities identified.

What we need right away is for the constituents of the furniture and woodworking industry to second the suggestion I propose here. We then can advise the public institutions where they can really help us. I think an approach like

this could be the break-through we need to make good things happen for our industry.

The key to re-energizing the U.S. woodworking industry is to change our mindset from a reactive or one of survival to one that is proactive and opportunity seeking. In order for that to happen, we need to have a crisis to shake us up and a direction for us to look for opportunities.

The challenge created by the fast-growing Chinese furniture industry is exactly the crisis and opportunity that our 100-year-plus furniture and woodworking industry needed to have. From the challenge, we not only have to re-assess our capability, but also have to think globally, maybe even go after the Chinese market. After all, at its current pace, China will become the second largest economy or market in the world within 10 to 20 years.

If you are interested in viewing the overall framework about a vision on what I believe we should and can do, please refer to my article "*If We Can't Beat Them, Let's Work together*" published in *Wood & Wood Products* October 2002 (and archived on www.iswonline.com).

Dr. Spencer Lei is an owner of Global Forest Corp, a hardwood products manufacturing company based in Scottsboro, AL. He can be contacted at hidoc@hardwoodcenter.com. The author wishes to thank his friends James Gober, Forest-Based Economic Development Services Inc., David Thornell, Greater Starkville (MS) Development Partnership, and Mason McGowin, Woodland Specialist Inc. for reviewing the article and offering editing assistance.

Source: *Wood & Wood Products*, June 2003.

LATE INDUSTRY NEWS

April Housing Starts Down But Economists Remain Optimistic – U.S. housing starts fell an unexpectedly sharp 6.8 percent in April, largely due to a drop in ground breaking for multifamily homes, the Commerce Department said recently. But permits, an indicator of builder confidence in future sales, rose 1.2 percent in April, partially reversing a decline seen in March, the Commerce Department reported.

The federal agency said ground breaking for new homes slid to a seasonally adjusted 1,630 million unit annual rate - their lowest level since April of last year - from a downwardly revised 1.748 million clip in March. Starts fell well short of the

expectations of analysts polled by Reuters, who had forecast a slip to a 1.736 million pace.

"The brisk pace for housing is hard to sustain, given that we lost about half a million jobs over the past several months," said one economist. Starts of structures with five or more units fell 22.5 percent to a 244,000 annual rate, the lowest level since January 1997. Single family starts fell three percent to a 1.356 million clip. But economists said there was strength in the housing market. "Housing starts are very misleading because single family starts and permits are still showing underlying strength. The weakness was in multifamily starts, which has a small sample and tends to jump around," said Joseph Lavorgna, an economist with Deutsche Bank.

Permits climbed to a seasonally adjusted annual 1.708 million pace from an upwardly revised 1.688 million rate the month before. Home buying and building has forged ahead despite the struggling U.S. economy as mortgage interest rates have dipped to lows not seen since the early 1960s. Mortgage financier Freddie Mac reported recently the popular 30-year fixed rate mortgage has slid to 5.45 percent, a record low since the company began compiling the data in 1971.

Starts fell in every region of the country. They were down 10.9 percent in the South, the nation's busiest home-building area, down 0.7 percent in the West, down 7.1 percent in the Midwest, and down 1.3 percent in the Northeast.

Source: *The Northern Logger and Timber Processor*, June 03.

WISCONSIN'S PAPERMAKERS STILL THE HIGHEST PAID MANUFACTURING EMPLOYEES

Papermakers in Wisconsin earn, on average, \$49,000 annually, not including fringe benefits. These wages are, according to the Department of Workforce Development, tops among any manufacturing sector in the State.

Employment, however, has dipped recently due to the pressures the industry is facing. In the late 1990's, employment in the paper and allied industry peaked at over 52,000 men and women. This last month, figures showed that almost 45,000 people are employed in the industry; a drop of over 10%.

According to the UW Department of Urban and Regional Planning, in excess of

108,000 jobs in Wisconsin are supported by the paper industry.

Wisconsin's paper industry assets are the second oldest in the country. In order to maintain and grow the high paying jobs that go along with the paper industry, every effort needs to be undertaken to improve Wisconsin's business climate in order to encourage investments and upgrades to our papermaking assets.

More Info Available – Additional information on the paper industry is available by contacting the Wisconsin paper Council, PO Box 718, Neenah, WI 54957-0718, or at (920) 722-1500, or via its web site at www.wipapercouncil.org.

Source: *Wisconsin Paper Council*

WEYERHAEUSER TO SHUT DOWN SMALLER PAPER MACHINE

The Weyerhaeuser Company announced to employees today that it will close the "R-4" fine-paper machine at its Rothschild mill, effective this fall. 75 jobs will be eliminated as part of the machine shutdown.

Installed in 1922, the 32,000 tons-per-year machine is the smaller of two machines at the plant. Its age, as well as its small size, hampers its efficiency in today's fiercely competitive paper market. The other, larger, paper machine, the 130,000-tons-per-year "R-5", will continue employing approximately 375 men and women. "The talented, skilled people at Rothschild have done good work, but the R-4 machine is too cold and small to be competitive. Our first priority today is taking care of the people who will be affected by this machine closure," said Scott Mosher, vice president and mill manager at Weyerhaeuser's Rothschild plant. "We will be working with our affected employees on outplacement issues, counseling, and potential job transfers to other parts of the company." Employees represented by the Paper, Allied-Industrial, Chemical and Energy workers International Union (PACE) will be provided with severance benefits as negotiated with PACE and its local 7-0319. Other employees will receive severance packages per company policy.

Mosher said the machine's closure is part of Weyerhaeuser's ongoing program to become a more efficient and globally competitive organization. "This is a difficult time for the forest products and paper industry," he said. "Our intent is to match our production to our customer's needs."

Weyerhaeuser's Rothschild operation produces paper used for printing and business applications. In addition to the Rothschild mill, Weyerhaeuser operates several other plants in Wisconsin, and employs more than 600 men and women statewide.

Source: *WPLA Wood Bits*, July 2003.

Low Grade Hardwood Lumber

Shortage

By Dr. Edward C. Brindley, Jr., Ph.D
Publisher

What Season is it? Ask just about any hardwood pallet manufacturer what his biggest problem has been through the first half of the year. He is likely to respond with the lack of low-grade hardwood material. Times when hardwood is difficult to obtain occasionally cycle around, but supply conditions have never been tighter in July than they are now.

It is common today for standing timber to be converted into a delivered pallet in as little as a week. For many years supplies had been readily available. Since the rains hit the eastern and southern part of the continent late last fall, logging conditions have gone from difficult to almost impossible.

If demand was better, our industry might not have been able to provide new hardwood pallets for customers who wanted them. As it is, softwoods and recycled pallets have helped fill the need at times when local hardwood shortages have precluded the prompt responses expected by customers.

Log-grade hardwood supplies from both grade mills and scragg mills have been affected. Logging of all kinds has been severely restricted, particularly along the East Coast and across the Southeastern U.S. The paper industry is sucking up scragg logs like they are going out of style, so hardwood pre-cut can be as difficult to locate as are hardwood cants. Until the forest floor dries out enough to significantly improve logging conditions, the hardwood industry can expect supply problems to persist. Modern logging uses expensive machinery to improve efficiency. This works fine under good logging conditions, but it can greatly hamper logging under the extremes witnessed this year.

Many mills historically started laying in log supplies by late summer and early fall. At best, putting enough logs into inventory for coming tight logging seasons promises to be a challenge if we continue to have

heavier than normal rainfalls. Even average rainfall might not be sufficient to dry out the forest floors.

Ironically, the tighter low-grade hardwood supplies become, the more difficult it is to get good material because the competition for logs intensifies. So tighter supplies mean both higher prices and poorer quality.

Several pallet manufacturing friends have shared with me their concern that present supply problems may not end with dryer conditions. A few other factors may need to be considered.

Sawmillers often lament about the decrease in the number of loggers. The severity of this has been masked by increased efficiency through automation. As already indicated, this efficiency can vanish with weather problems. The sad fact is that fewer and fewer young people are willing to work hard enough to stay in the woods for the hours and investment it takes, particularly with the questionable financial reward. Even mechanized logging is hard work. Because fewer young people are taking to this hard work, more loggers have gray hair.

Often the timber tracks that a mill can afford to buy are the most expensive ones. While better yields and grade might be attractive, higher prices tend to reduce the chance of logging them for pallet lumber. When harvesting and sawmilling costs are added to stumpage rates, pallet lumber. When harvesting and sawmilling costs are added to stumpage rates, pallet lumber tends to look less and less like an attractive option. One West Virginia friend put it this way, "Timber that is \$250 or more per thousand on the stump costs \$200 or more to harvest and another \$150 to put across the sawmill. This just does not translate into prices acceptable to hardwood pallet manufacturers."

A related fact is that sawmills no longer take all grade logs to cants and then kick them off for pallet customers. More logs are sawn all the way down into more value-added products.

Given the fact that more furniture manufacturing business has been taken to the Pacific Rim, the squeeze on sawmilling is likely to intensify, further reducing the low-grade downfall that the pallet industry has used as a major raw material source.

The combined one-two punch of weather and economic/market changes suggests that low-grade pallet hardwood supplies are likely to be tighter in supply and more expensive in price in tomorrow's market than today's.

Source: *Pallet Enterprise*, August 2003

EMPLOYMENT IN U.S. FURNITURE INDUSTRY

According to Aktrix's Report on "Employment and Wages in the American Furniture Industry," the furniture industry is not a major employer in the United States. Employment in the American furniture industry stood at 491,200 as of 2002. This is less than 0.4 percent of the overall employment in the United States. Even in relation to manufacturing employment, furniture contributes only 2.9 percent, the report says.

"It seems that the furniture industry lends itself less to labor-saving technologies than other industries," the report says.

"Between 1982 and 2002, the level of furniture employment grew by 13.6 percent while total manufacturing employment fell by 11 percent."

Household furniture manufacturers account for 52.2 percent of employment in the furniture industry, or 256,300 persons. Office and other furniture manufacturers employed the remaining 234,900, or 47.8 percent. Though it still commands the greater share, household furniture manufacturers witnessed a gradual erosion in their share of total furniture employment over the last two decades.

Nonproduction worker employment in the manufacture of furniture has grown faster than that of production workers. The long-term increase reflects both the introduction of labor-saving technology and the increasingly complex business environment (which has increased the relative need for marketing and administrative workers to move furniture products from the plant to the final consumer).

North Carolina is the largest furniture employer with almost 68,000 jobs in 2002. California places second accounting for 55,500 furniture industry employees, followed by Michigan, Mississippi, Indiana, Tennessee, Virginia, Texas, Ohio, and Wisconsin. These 10 states collectively accounted for almost one-third of jobs in the industry in 2002.

Shipments in the furniture industry will improve this year and next. Nevertheless, manufacturers will refrain from hiring anymore workers as management attempts to sustain productivity levels and remain internationally competitive, at least until the industry regains more healthy productivity levels.

Household furniture employment will remain even but office furniture employment will fall. In the past, employment in the office furniture segment declined by less than one would have expected in light of the segment's dismal performance. It seems that office furniture producers have deliberately retained the workers in order to avoid heavy recruitment and retraining costs once the demand-growth returns.

For more information about this report call (905) 845-3474 or visit the website at http://furniture-info.com/f_books.htm.

Source: Source: *Wood Digest*, August 2003.

MADE IN CHINA

By John O'Brien, Managing Editor

On December 11, 2001, China became the 143rd member of the World Trade Organization (WTO). As China vowed economic reform and adherence to WTO rules of fair trade, many world economists raised a wary eyebrow.

Now, U.S. manufacturers- papermakers included- say that China poses a threat to world trade and something needs to be done about it. Complaints range from the Chinese government's manipulation of the value of its currency to improper government subsidies to cases of trademark infringement and intellectual property stealing.

Manufacturers' cries of foul are not unfounded. Estimates from investment banks and analysts show that China's yuan is anywhere from 15-50% undervalued- most economists set the mark at 40%. Yet despite China's alleged violation of World Trade Organization (WTO) and International Monetary Fund (IMF) principles of fair exchange among national currencies, Beijing appears uncaring and continues to peg the yuan to every move the dollar makes.

To further fuel its export engine, China's yuan is anywhere from 15-50% undervalued – most economists set the mark at 40%. Yet despite China's alleged violation of World Trade Organization (WTO) and International Monetary Fund (IMF) principles of fair exchange among national currencies, Beijing appears uncaring and continues to peg the yuan to every move the dollar makes.

To further fuel its export engine, China's finance experts reportedly are debating whether to raise government subsidies via increased tax rebates for exporters- a move

that would make Chinese exports even more competitive.

George Jones, President of Seaman Paper, before the House Committee on Small Business on June 25, testified, "In 1997, U.S. paper and paperboard exports to china were 479,000 metric tons, or \$256 million (these amounts include converted paper and paper-board products). By 2002, U.S. paper and paperboard exports only increased to 577,000 metric tons with a value of \$384 million. In fact, exports to China of several important paper categories have stagnated or declined because of substantial build-up in Chinese paper and paperboard production capacity."

"In contrast, China's paper and paperboard exports (including converted products) greatly benefited from an artificially weak currency. In 1997, these exports totaled some 45,000 metric tons with a value of \$313 million. That amount jumped to 206,000 metric tons and \$806 million last year. So, the U.S. trade balance with China in paper and paperboard products stood at a negative \$422 million last year in a sector where China doesn't have a comparative advantage."

Mr. Seaman's figures aren't surprising, especially when you take into account that the U.S. trade deficit with China surged 24% last year to a record \$103 billion.

Unfortunately for US manufacturers, it certainly doesn't appear that China has made much progress with its WTO promise to reform its planned economy into a market economy, which is the basis on which global trade operates.

At the WTO Ministerial Conference in Doha, Qatar (November 2001), just weeks before China's accession into the WTO, China's trade minister Shi Guangsheng pledged to abide by the WTO's rules. A year and a half later the jury is still out on China's intentions or ability to play by those rules.

The Bush administration has yet to take any real persuasive political action, but pressure is mounting. "Now is the time for a full-court press from a broad range of U.S. policy makers to get China to adopt market-based rules," were Mr. Seaman's closing instructions to House Committee members.

Paper industry leaders must act now, and aggressively pursue their state representatives and Washington in an effort to convince Congress that simply "urging" China to play fair just doesn't cut it.

Email: jobrien@paperage.com

Source: *PaperAge*, July/August 2003

COMING EVENTS

SEPTEMBER 26-27, 2003- The Light on the Land Logging Field Day will be held on September 26 & 27 from 9 am- 3pm at the Duck Egg County Forest near Viroqua, Wisconsin. The event will demonstrate a variety of small-scale logging equipment that can be utilized to affordably harvest low quality timber for financial gain with minimal impact on the forest. Some of the equipment to be demonstrated includes: farm tractor cable winches, forwarders, ATV log arches, grapples and loaders. A series of forestry workshops will be held including: forestry BMP's, bucking for grade, timberstand improvement, directional felling and forestry invasive species. The field day also includes a variety of exhibitors and forestry equipment suppliers. This event is open to the public and there is no cost to attend. For more information contact (608) 348-3235 or visit our website at swbadger.com.

OCTOBER 6-10, 2003 – Wisconsin Public Utility Institute, University of Wisconsin-Madison School of Business. Fundamental Course: Energy Utility Basics (Technology, Operations, Regulations, competition & Current Issues) in Madison, WI, call (608) 265-5373 to register, web site: www.pui.org.

SEPTEMBER 23-26, 2003 – North Carolina State University presents the 35th Annual Hardwood Dry Kiln Operator's Short Course at Haywood Community College, Clyde, North Carolina.

Quality sells and preventing drying defects reduces drying costs. The best and most cost effective method of insuring quality is to provide training for your dry kiln operators and their supervisors. In order to help in this task, North Carolina State University, Wood Products Extension, will conduct its 35th annual Dry Kiln Operator's Short Course. The course is sponsored by the Southeastern Dry Kiln Club.

The main thrust of the course is to teach the participants how to operate a kiln on a daily basis including sample selection and preparation, schedule selection, kiln monitoring, equalizing and conditioning. The course participants will not only hear the theory of dry kiln operation, but will gain hands on experience drying a kiln load of lumber. The course is designed to

give new kiln operators a strong background in drying lumber but has also proved to be a good refresher course for seasoned operators.

For more information, contact Joe Denig, North Carolina State University, Campus Box 8003, Raleigh, NC 27695, phone (919) 515-5582 or Fax (919) 515-8739.

PUBLICATIONS

DO YOU HAVE A training program for your new and seasoned employees to teach them how to saw grade lumber, edge lumber, and scale & grade hardwood logs? We have an Educational Video Series developed for just that purpose. *Timber Harvester Band Sawmills & Resaw Systems*. Call (800) 343-2969.

"HARDWOOD REVIEW" **FORECAST AVAILABLE**

The publishers of *Weekly Hardwood Review* recently introduced *Hardwood Review Annual Forecast 2003*, a new product that summarizes the current state of the hardwood industry and the markets it serves. The report forecasts in detail the changes that are expected to impact the industry and its markets during the next year and into the future.

Hardwood Review is offering *Annual Forecast 2003* at an introductory rate of \$50 for subscribers and \$75 to non-subscribers. For more information call (800) 638-7206.

FOR SALE

Timber and Forest Products

CEDAR LUMBER and Cants: Paneling, fencing, 4x8x8 6x6x8 or in the dimensions you need. Excellent cedar and great prices. To contact please leave message – Billy Imhof, 5859 Cingmars Road, Littlefork, MN 56653, phone (218) 278-4417.

USED TANKS for watering and fire protection 40 acre Columbia Co. Tree Farm with approximate 1000 cords bine 40-47 years old – red and white pine Lewis chain saw winch and rope wicks for wiping out weeds. Cedar logs can cut and haul. Contact Lewis C. White, 321 S Water St., Columbus, WI 53925, phone (920) 623-3822 or 5055, leave message.

DOWELS, RODS, POLES ¾" to 2 ½" dia., lengths up to 16 ft. long with no

splicing. Can splice poles longer. Ideal for tool handle replacements. We also make factory cart truck stakes, and replacement parts. Wheelbarrow handles, core plugs, rewinding plugs, plywood shipping circles, pry bars, lifting sticks, paddles, many types of wood plugs, cutting sticks plus many types of custom made wood products, made to customer's specs. For a quote contact Mark Slade at Mark Slade Manufacturing, 110 South Mill St., Seymour, WI 54165-1250 or call (920) 833-6557 or Email to DRHANDLES@NEW.RR.COM.

CHRISTMAS TREES, Fraser and balsam fir 8 to 10 feet. Also, blue spruce, shiners 5 to 7 feet. Contact Gale Gabriel, W20102 Irvins Coulee Rd, Whitehall, WI 54773, phone (715) 538-2379 or (715) 985-3342.

5/4 DECK BOARDS – 6"x8' untreated Ponderosa Pine, 8 units available Grade #3. Contact Linda Brinkman, New Lisbon Wood Products, LLC, 1127 S. Adams, New Lisbon, WI 53950, phone (608) 562-3122.

Equipment

JD 350 DOZER, ideal for logging with ROPS, blade and winch – engine and tracks overhauled. Phone (715) 985-3342. HAVE YOU CHECKED out "What's New" on the web at Timber Harvester Band Sawmills & Resaw Systems lately? www.timberharvester.com. We bought the edger company, and now build both the portable and stationary edgers with several

power plant options. ALSO, are you looking to increase the yield on your circular saw by 12 – 50% in both volume and grade? Call us at Timber Harvester for an approximately pay back period. How much is your grade lumber sawdust costing you daily? (800) 343-2969 ask for Roger.

VALBY CHIPPER with 60 horse electric 220-440 motor 3 phase. High low voltage starter, and extra set of new knives. Clipper and starter like new condition, \$6,000. Also, 40 ft. of miniature railroad track with cart - \$200. 20-inch radial arm saw with new 440 electric motor, \$300. Call after 5:00 p.m. Contact Edwin Kuklinski, 8028 Cty CC, Rosholt, WI 54473, phone (715) 592-4591.

USED PARTS FOR SKIDDERS, small crawlers, and excavators shipped daily –

parts for CAT, JD, IHC, AC, MH, Athey, Bantam/Kohring, Bobcat, Case, Clark, Timberjack, Drott, Franklin, Hein-Warner, Insley, Leiberr, Michigan, Mitsubishi, New Holland, New Process, Pettibone, Taylor, Tree Farmer and Trojan. We also have engines, transmissions, and tires. If we do not have it, we can try to find it with one of our parts locator systems that contact over 300 parts dealers nationwide. Contact Schaefer Enterprises of Wolf Lake, Inc., PO Box 136, 4535 State Route 3 North, Wolf Lake, IL 62998. Ask for Dick, Kevin, Rodney, or Gina, (800) 626-6046 or (618) 833-5498, Fax (618) 833-7765, or Email us at parts@sewlparts.com or visit our website at www.sewlparts.com.

JACKSON SAWMILL – Rebuilt 1980 30HD complete/infeed deck, Terner vertical. Edger off bearing belt, barn cleaner; vertical tapers, caliper networks diesel power unit, single phase electric motors, \$32,000 (Dogs have recently been rebuilt). Contact Gerald J. Pejka, W8024 Old Hwy 70, Winter, WI 54896, (715) 266-3296.

JACKSON SAWMILL – 1988 40HD Model 152 E. Complete/infeed deck, turner, carriage track, and off bear/all motors, hydraulics and electric \$30,000. Contact White City Lumber Co., Inc., E15948 St. Hwy 82, Hillsboro, WI 54634, phone (608) 489-2861.

THREE BELL 4A Dowell Machines with extra blades and setups up to 2 ½" diameter. Plus large table saw, 30 blades, most are carbide tipped, 12" to 16" diameter. Contact Mark Slade at Mark Slade Manufacturing, 110 south Mill St, Seymour, WI 54165-1250 or call (920) 833-6557 or Email to DRHANDLES@NEW.RR.COM pictures available by email.

JACKSON SCRAGG MILL – Make money from small logs with a Scragg Mill. Unique, innovative features boost production. Contact Jackson Lumber Harvester Co., Inc., 830 N State Rd 37, Mondovi, WI 54755, phone (715) 926-3816, Fax (715) 926-4545, Email: info@jacksonlbrharvester.com, Web: www.jacksonlbrharvester.com.

FARMI-SKIDDING WINCHES for 3-point hitch tractors. Various size model Farmi winches for 17-40 hp, and 60-80 hp. Also, forwarding log loading trailers,

wood chippers, and carbide saw chain. Contact Dave, Carlton Saw & Machine, 1592 Olsonville Rd, Carlton, MN 55718, phone (218) 384-3521, Fax (218) 384-3187.

WHEN SHARPNESS COUNTS, count on Atlas. Seneca Saw Works is manufacturing the Atlas line of saw maintenance tools that include: Atlas Hand Filer for accurate sharpening of inserted tooth saws. Atlas Grinder for sharpening saws with regular, chrome, or carbide bits (electric or air motor available) Atlas Spider Gauge for checking side clearance accuracy. Atlas Stationary Grinder for inserted tooth saws in the filing room. Atlas Saw Worker, a leveling and tensioning modification for the Armstrong Stretcher Roll. Atlas Saw Hammering Bench. At a dealer near you. ALSO, Fresh Saws, made to order especially for you and your mill. If you require a circular saw that is a cut above the rest, then the obvious choice is the Seneca Saw Works Saw. We also have a complete line of saw hammering supplies available. If quality and performance are important to you, don't settle for less. Call Casey at Seneca Saw Works, (607) 546-5887 or visit our web site at www.senecasaw.com, Email casey@senecasaw.com.

WANTED TO BUY

Forest Products

SEASONABLY WE BUY pine boughs. Contact Winter Woods, 218 Wisconsin Dr., Jefferson, WI 53549, phone (920) 674-4010, (800) 541-4511 or Email: www.winterwoods.com Equipment

WE ARE INTERESTED in buying salvageable machines. Contact Jerry (800) 626-6046 or (618) 833-5498, Fax (618) 833-7765 or Email us at parts@sewlparts.com or visit our website at www.sewlparts.com.

Services

CUSTOM DRY KILN services, located near Carlton, MN 55718, phone (218) 384-3325, Fax (218) 384-3187.

CUSTOM SAWING and drilling; large or small runs. We do quality work for less. Also, available custom pallets, crates, and shipping materials. Give us your problem, we will give you this solution. Contact Linda Brinkman, New Lisbon Wood Products, LLC, 1127 S Adams, New Lisbon, WI 53950, phone (608) 562-3122, Email acewoodproducts@excite.com.

100-YEAR OLD COMPANY looking for manufacturers of pallets and top frames. If you are interested in working with a reputable company, we would like to know more about your production capabilities.

Contact Gayle Cory, The Nelson Company, PO Box 351, New Castle, PA 16103, phone (724) 652-6681, ext. 101, Fax (724) 652-6643.

SAW HAMMERING – Welding, troubleshooting, consulting and accurate sawmill alignment done exclusively with the "Quick Check" mill alignment system, saw tensioning or trouble-shooting training and seminars available. For more precision and closer tolerances, call Casey at Seneca Saw Works, (607) 546-5887 or visit our web site at www.senecasaw.com, Email: casey@senecasaw.com.

If you want to list items, fill in the form below:

FOR SALE

WANTED TO BUY

SERVICES

EMPLOYMENT

FOREST PRODUCTS ☐ FOREST PRODUCTS ☐ FOR SALE ☐ AVAILABLE ☐ REMOVE FROM
EQUIPMENT ☐ EQUIPMENT ☐ WANTED ☐ WANTED ☐ MAILING LIST ☐

NAME ----- DATE -----
ADDRESS-----COUNTY -----
CITY ----- ZIP CODE -----PHONE AC (----) -----

The Wisconsin Department of Natural Resources reserves the right to edit all items included and accepts no responsibility for the accuracy of description or for the commercial integrity of the persons or firms making offers in this Bulletin.

If you wish to use the facilities of the Bulletin, forward a letter, post card or form on page 11 with detailed description of your "wanted" or "for sale" items. All forest products (stumpage, logs, pulpwood, posts, poles, trees and lumber, etc.) and services (custom sawing, custom kiln drying and tree planting, etc.) may be listed. Please be sure your full name, address (including zip code), telephone number accompany your listing, there is no cost for listing any items. If you want items repeated in the next issue, send in a written request. If you have comments about the Bulletin or have suggestions on its content, write to: Forest Products Specialist, 3911 Fish Hatchery Road, Fitchburg, WI 53711, phone (608) 231-9333 FAX (608) 275-3338.

DEADLINE FOR ITEMS TO BE LISTED IS THE 20TH OF: FEBRUARY, APRIL, JUNE, AUGUST, OCTOBER, and DECEMBER.



Printed on recycled paper



Presorted Standard
U.S. Postage
Paid
Madison, WI
Permit 906

Department of Natural Resources
Forest Products Specialist
3911 Fish Hatchery Road, Route 4
Madison, WI 53711

ADDRESS SERVICE REQUESTED